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MEMORANDUM OF CONVERSATION

Date: July 2, 1969

Place: Dinner Given by David Rockefeller

Participants: Dr. Giulio Andreotti, Former Italian Minister
and President, Christian Democratic Party
Parliamentary Group

Dr. Otto von Habsburg-Lothringen

Hon. Pierre Edde, Former Secretary of
Treasury and Finance of Lebanon; Minister
Plenipotentiary in charge of special relations
with Lebanon, the United States, and the U.N.

Mr. Crosby Kelly, American financier

Dr. Antonio de Larragoiti, Brazilian financier

Dr. Alois Mertes, German diplomat

Hon. Antoine Pinay, former President of France

M. Jean Violet, French lawyer

Eng. Carlo Pesenti, Chairman and Managing
Director, Ital cementi

Mr. David Rockefeller, Chairman of the Board,
The Chase Manhattan Bank, N. A.

Mr. Joseph V. Reed, Jr., Assistant to the
Chairman

Mr. Henry A. Kissinger

Mr. William A. K. Lake

State Dept. review
completed

ON-FILE NSC
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INSTRUCTIONS APPLY

During dinner, M. Violet presented the group's view that the
Soviet threat is greatly increasing, both through buildup of strategic
forces and because of Moscow's increasingly aggressive posture. He
mentioned in particular the SS-9, the FOBS, and their possession
of very large (e.g., 25 megaton) bombs. He also mentioned recent
measures taken to increase productivity behind the Iron Curtain: less
vacations are being given and working weeks have been extended in some cases.

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from 48 to 52 hours in Eastern Europe, especially in Czechoslovakia.

The Moscow Conference, Violet said, did not indicate as much disunity within the Communist movement as some observers thought. The Italian Communist Party, for example, may have had Moscow's blessing in not signing the final declaration.

This increased Soviet threat should be of great concern to Europe.

Mr. Kissinger said that he agreed with Violet's general analysis.

Turning to the situation in Yugoslavia, Violet noted that Tito appears to fear an attack on Yugoslavia by the Russians -- at least, he seems to be preparing for one. Dr. Otto von Habsburg stated that Tito would react to any Russian move against Romania. In addition, many Yugoslavs fear that when Tito dies, there will be civil war between the moderates and the pro-Soviets. He stated that there have been local talks between Austrian and Yugoslavian soldiers along their border with regard to this contingency. He did not mean to indicate, he said, that he believed that Tito would necessarily die within the next year.

Dr. Andreotti mentioned the desirability of attempting to obtain the contingency plans given to Yugoslav merchant ships in the event of war. Before August 1968, their instructions called for the ships' taking refuge in Soviet ports.

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Violet said that new opportunities for cooperation between Europe and the United States in opposing the Soviet threat are now presented. The election of Presidents Nixon and Pompidou, the probable result of the election in Germany, and the probability of a Conservative government's taking power in England in 1970 will allow for greater cooperation among these governments through exchanges of information "and influence."

Mr. Kissinger asked what specific ideas the group had in mind. The only idea put forward in response to his question was suggested by Edde and Otto von Habsburg, with the evident agreement of the rest. They expressed concern with Communist infiltration of the Catholic Church, particularly in South America. Indeed, most of the group felt that the Russians are now concentrating on the Church rather than on Communist Parties in South America. Catholic revolutionary activities are therefore very dangerous there. After Vatican II, the Communists had established a first-class information service targetted at the Catholic hierarchy. The service was organized by the Pax movement in Poland. They suggested that a counter-operation be established, with operations concentrating on Rome and South America. Mr. Kissinger said that he would welcome their sending him a concrete proposal in this regard. Violet said that he would do so, and noted the large funds available to the Communist

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information service. Mr. Kissinger responded that he could not, of course, commit U.S. funds at that time.

The group mentioned Monsignor Illich, of the New York Archdiocese, as one of those who had spread Communism within the Church in South America.

Returning to the possibilities for cooperation between the U.S. and Europe, Mr. Kissinger expressed the hope that Europe could come forward with new initiatives. The U.S. Government and U.S. elite opinion now concentrate on Vietnam to an extent which makes it difficult for us to take new initiatives with regard to Europe. He warned, however, that the Europeans must remember that when they make proposals, we may accept them. He recalled that only one European leader had expressed reservations about the strategic arms limitation talks during President Nixon's visit to Europe. Now, as we are acting in accordance with their desires expressed earlier, they discover that they are not so sure.

Mr. Kissinger noted the discouraging response to President Nixon's speech on Europe.. We had received rather discouraging responses to our moderate proposals -- 90% of the comment by Europeans was petty and bureaucratic. There seemed to be greater concern with which organizations should consider what than with the

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substance of the proposals. The proposal for joint studies of the problems of modern society was a happy exception.

Mr. Kissinger stated that we do not intend to suffer defeat in Vietnam. The other side is attempting to erode the President's public support. If they were successful, the capacity of the U.S. would be damaged, which would hurt us all. It would also have a bad effect on the authority of the President within the United States -- of both this President and his successor. We will not let this happen.

Later in the conversation, Mertes predicted a renaissance of German national consciousness. This, he said, will concern the structure of NATO, the reunification of Germany, and nuclear questions. The American handling of Vietnam and SALT will be very important in this regard.

After dinner, M. Pinay reviewed the situation in France. The new government faces serious problems with regard to agriculture, public services, the budget deficit, social security, and the franc. The government must "make Europe" and take stern economic measures. If it is to do something spectacular -- as it must -- it must somehow prepare public opinion. Pinay argued that Britain's admission into the common market would lead to greater political unity in Europe. In theory, political unity follows on economic unity automatically.

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Pinay also described his refusal to accept a position in Pompidou's cabinet. He said deGaulle continues to act as a consultant, but is not too active.

Pinay stated that if the Communists had supported Poher, he still would have lost. In fact, Pinay said, many of the Communists voted for him.

Andreotti reviewed the situation in Italy. He painted a gloomy picture of continued difficulty with labor, of disunity within the military, of a weak police, of an increasingly gauche "cultured circle," and of weakness or disunity among the non-Communist political parties.

Andreotti agreed with the earlier comment of Violet that the Italian Communist Party was not acting entirely against Soviet wishes at the Moscow Conference. He said that the proof of this would come next year -- if they were truly displeased, the Soviets would supply less financial assistance to the Italian Communist Party.

Andreotti noted that the Christian Democratic Party could not become a conservative force, as it is blocked to the right as well as to the left.

Otto von Habsburg then reviewed the situation in Germany. He said that the Socialists are no longer leading in the campaign for September's election. The CDU could, in fact, win an absolute majority. The refusal to devalue was very popular, and Schiller

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is, accordingly, unpopular. The Socialists had also offended the refugees.

The NPD will gain seats, but this will not be meaningful. Many Socialists will vote for the NPD.

Otto had seen Strauss recently; he reported that Strauss wants to be Foreign Minister. Then, when Kiesinger retired after two years, Strauss would have his big chance. Otto said that Strauss is "rather positive" in his attitude toward/President Nixon, but he fears the possible election of Senator Kennedy. Mr. Kissinger asked how Strauss would be able to gain a place in the new government. Otto replied that it would be possible if the new government obtained a majority of only four or five, and therefore needed Strauss and his supporters.

Mr. Kissinger reiterated his desire that the members of the group get in touch with him -- collectively or individually -- whenever they had new ideas or concrete proposals. Similarly, he would be in touch with them through Mr. Rockefeller as thoughts occurred to him. He would welcome suggestions on where the Atlantic Community should go from here, what might be discussed at a summit of Western leaders, etc. He could assure them that any idea / this group would receive consideration at the highest level of the U.S. Government. It was agreed that he would get together with the group about twice a year but on an ad hoc basis, when -- as during this dinner -- there were new ideas to discuss.

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MEMORANDUM

No Objection to Declassification in Part 2010/06/21 : LOC-HAK-268-2-27-3

THE WHITE HOUSE

WASHINGTON

SECRET/NOFORN
(material attached)

July 2, 1969

MEMORANDUM FOR HENRY A. KISSINGER

FROM: Tony Lake

SUBJECT: Dinner with David Rockefeller, 7:30 p.m.,
July 2

25X1

Attached at Tab A is a guest list, [redacted]

[redacted] At Tab B is the memorandum by David
Rockefeller of March 13 reporting on Otto Habsburg's views on
Spanish-U.S. negotiations on military bases. There is no
indication that this will come up, but the paper was in your
'David Rockefeller file' and I thought you might wish to have it
for possible reference.

25X1

The Protocol people say that Otto Habsburg should be addressed
as "Dr." He renounced legally and publicly all of his former
titles.

Attachments

SECRET/NOFORN
(material attached)

No Objection to Declassification in Part 2010/06/21 : LOC-HAK-268-2-27-3

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RUSSELL H. DORR

500-17TH STREET, N. W.
WASHINGTON, D. C. 20006

JVR

June 30, 1969

WASHINGTON REPRESENTATIVE
THE CHASE MANHATTAN BANK, N. A.
NEW YORK

TELEPHONE
296-5750

Miss Sally Dollar
Office of Dr. Henry Kissinger
The White House
Washington, D. C.

Dear Miss Dollar:

Per our conversation, below are listed the names of the persons who will be attending the dinner which Mr. David Rockefeller is hosting on Wednesday, July 2nd at Governor Nelson A. Rockefeller's residence at 2500 Foxhall Road, N. W. The dinner is scheduled for 7:30 p.m. and dress will be informal.

Dr. Giulio Andreotti,
Former Italian Minister and President, Christian
Democrat Party Parliamentary Group.

His Highness Archduke Otto of Hapsburg.

Hon. Pierre Edde,
Former Secretary of Treasury and Finance of Lebanon;
Minister Plenipotentiary in charge of special relations
with Lebanon, the United States, and the U.N.

Mr. Crosby Kelly, American financier.

Dr. Antonio de Larragoiti, Brazilian financier.

Dr. Alois Mertes, German diplomat.

Hon. Antoine Pinay, former President of France.

Mr. Jean Violet, French lawyer.

Eng. Carlo Pesenti, Chairman and Managing Director,
Ital Cementi.

Mr. David Rockefeller, Chairman of the Board,
The Chase Manhattan Bank, N. A.

Mr. Joseph V. Reed, Jr., Assistant to the Chairman.

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If you have any questions regarding the above, please do not hesitate to call me at 212-552-3255.

Sincerely,

Joseph V. Reed, Jr.

JVR:dkm

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Dinner with David Rockefeller, et al
7:30 p.m., July 2, 1969
2400 Foxhall Road, N. W.

Giulio Andreotti

Otto von Habsburg-Lothringen

Pierre Iddi

Crosby Moyer Kelly

Antonio Sanches de Larragoiti, Jr.

Alois L. Mertes

Antoine Pinay

Jean Eugene Violet

Carlo Pesenti

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Archduke Otto's views on American-Spanish military conversations

I had a talk with Archduke Otto in Munich at the time of our meeting with Franz Joseph Strauss. He left with me the attached memorandum, setting forth some views on recent negotiations between the Spanish and American Governments on the question of military bases. It is his view that the conversations have not proceeded too satisfactorily, largely because of the hard line taken by the Spanish Foreign Minister. He believes that Carrero Blanco, the Prime Minister, is more meanable, but there is a split between the two. Another member of the government who is growing in importance is Silva Munoz, who is presently Minister of Works. Otto says he is quite young and might one day become Prime Minister. He is well disposed toward the United States and will be visiting the United States between April 28 and May 8 when he is to be a guest of the Tennessee Valley Authority. Otto hopes he will be able to see Henry Kissinger while he is here and that possibly even he might shake hands with the President. Otto believes he could be a useful ally for the United States for the future.

David Rockefeller

March 13, 1969

STRICTLY CONFIDENTIAL!

THE AMERICAN-SPANISH MILITARY CONVERSATIONS

In the month of June of 1968 Spanish and American Delegations met. On this occasion the former presented a demand for military aid, which the latter promised to study and consider.

In September of the same year - in the course of the general negotiations concerning the renewal of the defensive agreement linking both countries, a mixed civilian and military group met to study the aforementioned request. On the part of the United States a counter-proposal was made, which scarcely reached the 10% of what Spain had requested in June. Despite the fact that the Spanish Military Commission presented up to two successive proposals, which finally cut the original demands nearly in half, it was impossible to have a fruitful dialogue with the American counterparts. The latter somewhat improved their original offer (by about 25%) but this new offer was given on a take it or leave it base.

This and other reasons led Spain to denounce the Defensive Agreement. Shortly thereafter the Americans showed a sudden interest to renew the negotiations during the six months foreseen in the Treaty before the cancellation of the latter should become final. They proposed purely technical preliminary conversations with the aim to determine exactly the scope of the military aid. Its result would be considered in conversations between governments which would follow, before the final date, March 26, 1969.

These technical conversations, which began in November, went on satisfactorily till the middle of December. At that moment difficulties arose, which, in the opinion of the Spaniards were due to political disagreements in the American camp. As a consequence the military conversations go through a period of crisis at present.

Concerning the military conversations, Spain would need in order that its agreement with America function well, without increasing excessively the risks it contains, the following:

That it be understood that the integrity of the Spanish territory, its air-space and its communications are of common interest, without meaning that this should involve whatever action by American forces in case of a localized aggression against the former. Quite to the contrary, such an intervention could mean a grave peril of escalation, and for this reason resistance against such perils would be an exclusively spanish task. What would be desired is an understanding by the other partner and that no difficulties should arise on his part against the full use of the Spanish forces in such purely defensive operations.

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Since the attitude of certain nations forming part of NATO towards Spain has not yet changed, Spain has no desire to be tied to this organization in a manner that gives it only the charges and risks, but not the advantages. The mission of Spain in the defense of Western Europe in the case of a generalized war would be to repel whatever aggression against its own territory, thus covering the rearguard of the total European front. For the above mentioned reason it is not desirable to take over new engagements leading to the use of Spanish forces outside their own territory, nor to utilize the common basis established on Spanish territory outside of what has been agreed upon in the past for missions of support of the above mentioned organization. Whatever changes in this field, which might be rendered desirable by the circumstances, should be studied jointly at the governmental level.

Spain is not able to produce certain types of military material which are indispensable in order to meet the dangers which may be originated by its close association with the USA. It is hence necessary that America should give, under the title of military aid, a sufficient quantity of these equipments, completing them with the instruction and the maintenance means which are indispensable.

HINDENBURGSTRASSE 18
8134 PÜCKING b. STARNBERG
(OBERBAVARIA)

March 6th, 1969

TELEFON: FELDAFING 270

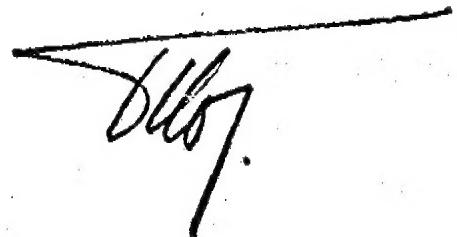
Dear David,

You will remember the conversation we had concerning Minister S i l v a Munoz and his plans for a trip to the United States at the invitation of the Tennessee Valley Authority. You had the kindness to tell me that you would receive him in New York, if you are there and also that you would see to it that he could call on Prof. Henry Kissinger, while in Washington. You further had the kindness to agree to ask Prof. Kissinger eventually to introduce Silva to the President, which Mr. Silva very much desires. My suggestion to do all this is especially based on the idea, that Silva is probably the most promising young man of Spain, who might be in a position of power before long.

I have just received word from Silva that he will be in the United States between April 28 and May 8th. I, hence, hurry to write to you to tell this, so that you might be informed well in advance. If eventually you could tell me when you could see him in New York, I would be most grateful so as to be able to notify him so that he could prepare accordingly his further trips to Washington and to Tennessee. If I may make a suggestion, I would think it highly useful, if he could start out by seeing you in New York, because you could give him good advice as to what to do and as to the general lay of the land. Furthermore I hope much from your influence on him in the sense of greater co-operativeness on the part of Spain, of course he is quite prepared for this.

Hoping to see you soon again and with warmest regards

Yours very sincerely,



OTTO VON HABSBURG